



IDAHO
DEPARTMENT OF FINANCE

STRATEGIC PLAN

Years 2009 - 2014

June 2008

Idaho Department of Finance

2009 – 2014 Strategic Plan

Introduction

The Idaho Department of Finance (IDOF or Department) prepares an annual performance plan and a five year strategic plan. The planning process is collaborative, seeking input from the Department's employees, representatives of the industries it regulates, Legislators and consumers. A compilation of the Department's most recent Strategic Planning Survey is attached to this report as an Appendix. Part of the preparation of the annual performance plan is reviewing and updating the strategic plan. Among the items considered in the strategic planning process are economic conditions, industry health, human resources, and financial constraints.

In fiscal year 2008, the IDOF will spend \$5,139,800 and employ approximately 52 individuals. The IDOF will adjust its budget annually to take inflation and workload into consideration. The IDOF continues to refine its processes to become more efficient, proactive, and effective in its operations.

Mission Statement

The mission of the Department is to aggressively promote access to vigorous, healthy and comprehensive financial services for Idaho citizens. This is accomplished through prudent and efficient oversight of financial institutions, investment opportunities, and credit transactions. Through administration of laws enacted by the Idaho Legislature, legitimate financial transactions are encouraged, while fraud, unsafe practices, and unlawful conduct are detected and appropriate enforcement action is taken.

Vision Statement

We envision innovation by the markets in response to greater public demand for services, and a financial marketplace that will be greatly affected by national and international events. We foresee the continuing development and implementation of advanced computer technology and telecommunications by industry and government. The industries that we regulate will become more complex as new products and technologies are developed.

We believe that the corresponding complexity in financial services regulation will lead many financial institutions to seek a state charter because of the responsiveness, flexibility and accessibility local regulation offers. State regulators will also continue to assume increasing responsibility for local enforcement actions as federal resources are directed at national problems. To this end, we are committed to providing our employees with the knowledge and skills necessary to meet these new challenges.

History

The IDOF was created in 1905 to ensure the stability of and public confidence in the banks organized under a state charter. Today the IDOF consists of three functional areas, the Financial Institutions Bureau, the Securities Bureau and the Consumer Finance Bureau. A fourth bureau, the Supporting Services Bureau, provides IT, human resources and fiscal management of the Department. The IDOF regulates in excess of 150,000 financial service providers and products including banks, credit unions, broker-dealers and investments advisers and their agents, securities offerings, securities issuers, money transmitters, endowed care cemeteries, mortgage bankers/brokers and their loan originators, finance companies, collection agencies, regulated lenders, and escrow companies.

External Factors Affecting the Department During the next five years, several factors may impact the ability of the Department to meet its goals. Among these factors are changes in the local and national economies, structural changes within the financial services industry, and an aging workforce. In addition, preemption of state laws by the federal government is a serious threat; this threat extends not only to the dual banking system and securities regulation, but to the Department's ability to protect Idahoans in such basic consumer transactions as obtaining a mortgage.

As anticipated, Idaho's economy has slowed and is expected to remain somewhat weak at least through 2008 and likely into mid-year 2009. The possibility of a national recession remains, but has not materialized. Problems in Idaho's housing market and unemployment rate have been the primary drag on the local economy. Economists predict the Idaho economy will do better than the nation as a whole, and anticipate a sustained recovery to begin in mid-2009.

The strength of the economy directly affects the financial services industry's performance. A slowing of the economy or a recession would likely result in reduced asset growth, increased loan losses and diminished profitability for the financial services industry. Continued high fuel prices, an uncertain real estate market, and high consumer debt would contribute to a further slowdown in consumer spending. Rising interest rates reduce consumer demand for loans and mortgages, and would directly affect the ability of many of those companies to continue business. An economic downturn would likely result in certain businesses under the Department's supervision discontinuing their activities; however, other businesses, such as collection agencies and payday and title lenders, would see an increase in business. Poor economic times also tend to bring out fraudulent schemes preying on those most vulnerable. This then becomes a higher priority area for the Department.

A robust economy yields new companies and individuals registering in Idaho to do business. Such growth provides Idaho consumers with a greater selection of financial products and services, and keeps prices down by stimulating competition. In a growing economy, the Department must manage its resources to absorb the influx of licensees/registrants. Similarly, as financial services providers grow and their businesses become more complex, it is imperative that Department examiners understand the new products, business models and technologies being used.

Whether the economy is booming or sagging, it has become essential that the Department focus its efforts toward those areas and entities that present the greatest risk to both the institution/firm and its customers. Department staff in all bureaus will increasingly emphasize the identification and management of these risks.

In the last decade, significant changes in the financial services industry have occurred. Financial modernization, interstate branching, privacy legislation and the globalization of securities markets all have had impacts on the way firms operate. While much activity took place immediately following the passage of the Gramm-Leach-Bliley Act of 1999, we expect consolidation within the financial services industry to slow but not stop. We see the increasingly large burden and cost of complying with anti-terrorism, privacy and corporate governance laws, largely dictated by the federal government, as a particular threat to our smaller financial institutions. We fear some smaller firms will sell simply because they cannot afford to comply.

Finally, like many organizations, the Department is faced with an aging workforce. Currently, over 35 percent of the IDOF staff has over 15 years of regulatory experience. As a result, many of the IDOF's most experienced staff and technical experts will likely be eligible to retire over the next 10 years. The IDOF must ensure that it continues to have the managerial and technical resources to effectively fulfill its mission and goals as those employees elect to retire. The Department is taking steps to ensure that its entire workforce has the necessary experience and qualifications to assume these responsibilities. The IDOF will continue to hire well qualified employees and invest in training and development for them. The Department is also interested in exploring options that might allow current employees who do not wish to completely leave the workforce to work reduced hours or part-time rather than simply retire. We see many innovative strategies being developed for recruiting and retaining excellent older workers and we hope to take advantage of the best of these.

At present, the most pressing workforce issue faced by the Department is our ability to recruit and retain a knowledgeable professional staff. The Strategic Planning Survey conducted in preparation for this report showed 39 respondents believe this is a very important goal, 2 believe this is a somewhat important goal and no respondent indicated it was not a very important goal. The Department wishes to express its appreciation to the Division of Financial Management and the Legislature for taking steps to address this need during the last legislative session. The Department continues to believe, as one respondent noted, that "[t]he Department should work to assure that 'the market' comparison for salary range purposes is the true market – the federal agencies that compete with the Department for staff." Otherwise, the Department will continue to lose its staff to the federal agencies, "a loss that will hurt Idaho's business community and their Idaho customers."

Financial Institutions Bureau

Goal #1: Promote public and industry confidence in the banking and credit union systems through timely, reasonable and effective supervision and regulation.

Objective: Implement sound regulatory policies and programs that insure the safety of deposits and protect the customers of the financial institutions.

Objective: Assist each financial institution's management in establishing effective risk management policies and procedures.

Objective: Maintain a sufficient number of experienced and professionally competent staff by providing competitive compensation and training opportunities to keep skills current.

Performance Measures:

- Idaho state-chartered financial institutions offer products and services that are competitive with those offered by federally-chartered financial institutions.
Benchmark: 100% of the financial products and services offered by federally-chartered financial institutions may also be offered in Idaho by Idaho state-chartered institutions.
- Idaho state-chartered financial institutions are operated in a safe and sound manner.
Benchmark: No state-chartered financial institution fails.
- Financial Institutions Bureau retains experienced, professional examination staff.
Benchmark: No employee leaves the Financial Institutions Bureau primarily to obtain greater compensation or training benefits with a federal or other state government financial regulator, as determined through an exit interview.
- Retain national accreditation of both the banking and credit union sections of the Financial Institutions Bureau.
Benchmark: Banking and credit union sections re-accredited each time the section is reviewed.

Goal # 2: Enhance the examination process to monitor and evaluate internal and external conditions, address industry trends and ensure fiscal integrity.

Objective: Utilize monitoring and examination processes that focus resources on discovering and evaluating risks.

Objective: Monitor trends in the financial services industry and develop expertise in new financial products, services and technology, including electronic commerce and banking.

Objective: Coordinate and cooperate with other regulators to increase regulatory efficiency and reduce regulatory burden on industry.

Performance Measures:

- Utilize both on- and off-site monitoring systems to increase quality of financial institution surveillance and reduce on-site examination time.
Benchmark: On-site examination time minimized and off-site surveillance optimized consistent with financial institution's risk profile.
- Percentage of state-chartered banks examined each year.
Benchmark: 100% of state-chartered banks examined within statutory timeframes.
- Percentage of state-chartered credit unions examined each year.
Benchmark: 100% of state-chartered credit unions examined within statutory timeframes.
- Examiners are familiar with new products and technologies being used in the financial institutions.

Benchmark: At least one examiner has sufficient expertise in each significant product, service and technology used or offered by a financial institution to evaluate its risks and benefits.

Goal #3: Maintain a strong state regulatory system for depository and non-depository financial institutions.

- Objective:** Promote the dual banking system.
- Objective:** Avoid further federal preemption that results in a reduction of state authority and consumer protections.
- Objective:** Provide excellent accessibility, responsiveness and value added services to financial institutions chartered in Idaho.
- Objective:** Permit Idaho state-chartered financial institutions to innovate and exercise new powers consistent with the principles of safety and soundness.
- Objective:** Reduce regulatory burden to the extent possible without compromising safety and soundness or consumer protections.

Performance Measures:

- **Actively oppose further federal preemption efforts.**
Benchmark: Write letters, provide testimony and educate decision-makers about the negative consequences of preemption as opportunities present themselves.
- **Review statutes and rules to ensure requirements continue to be necessary.**
Benchmark: Review statutes and rules annually for ways to reduce regulatory burden.
- **Demonstrate the benefits to financial institutions of choosing the state-charter.**
Benchmark: Maintain or increase the number of financial institutions that choose a state, as opposed to a federal, charter each year.

SECURITIES BUREAU

Goal # 1: Promote public and industry confidence in the securities markets, Idaho investment professionals, endowment care cemeteries and money transmitters through the registration and examination processes.

- Objective:** Promote Idaho as a desirable place in which to invest and do business.
- Objective:** Ensure endowment care cemeteries properly account for trust funds so cemeteries are well-maintained in perpetuity.
- Objective:** Ensure that all businesses required to register under the Idaho Money Transmitters Act (IMTA), I.C. 26-2901, et seq., have done so.
- Objective:** Maintain a sufficient number of experienced and professionally competent staff by providing competitive compensation and training opportunities, including access to certification programs, to keep skills current.
- Objective:** Coordinate and cooperate with other regulators to increase regulatory efficiency and reduce regulatory burden on industry.

Performance measures:

- Number of individuals and entities registering with the Department to do business in Idaho.

- Benchmark: Maintain or increase the number of registrants and securities offerings in Idaho in all years with a positive national economy.
- Percentage of endowment care cemeteries for which the Department has completed an on-site examination each year.
Benchmark: Examine 100% of all endowment care cemeteries each year.
- Percentage of state-registered investment advisers for which the Department has completed an on-site examination each year.
Benchmark: Examine 33% of state-registered investment advisers each year.
- Percentage of Idaho licensed money transmitters for which the Department or a signatory to the Money Transmitter Regulators Association's Cooperative Agreement has completed an on- or off-site examination each year.
Benchmark: Examine 33% of money transmitter licensees each year.
- Number of examinations and investigations conducted jointly with other state, SRO and federal regulators.
Benchmark: Attend annual joint regulator examination summit and coordinate exams to extent possible.

Goal #2: Protect investors from investment fraud through timely enforcement of Idaho's securities laws.

- Objective: Bring appropriate legal action against those violating securities and other laws under Department's authority.
- Objective: Ensure investment offerings fully comply with Idaho law.
- Objective: Ensure applicants for broker-dealer, investment advisor and agent registration fully meet qualification standards of Idaho law.
- Objective: Conduct on-site examinations of firms and applicants to ensure compliance with legal requirements.

Performance Measures:

- Conduct timely investigations of suspected violations.
Benchmark: Cases more than 6 months old are: being actively investigated, closed or have been referred for legal action.
- Perform a comprehensive and timely review of materials submitted with securities registration applications.
Benchmark: Registration materials are reviewed and any comments letters issued within statutory timeframes.
- Conduct "for cause" examinations of investment advisors, broker-dealers and their branch offices and agents or investigations when red flags are noted.
Benchmark: On-going frauds or sales practice abuses are halted quickly.

Goal #3: Increase the financial literacy of all Idahoans.

- Objective: Give Idahoans the financial knowledge base needed to wisely use credit, save, invest and avoid fraud.

Performance Measures:

- Educate Idaho teachers at all levels on personal finance basics so those principles can be incorporated into everyday lessons.
Benchmark: Sponsor or participate in yearly teacher financial literacy education programs.
- Provide speakers and consumer information to schools, senior centers, civic groups and any other interested group to raise awareness of personal finance issues.
Benchmark: Increase each year the number of Idahoans to whom presentations are made.

- Issue press releases and investor alerts highlighting current frauds and ways to avoid fraud.
Benchmark: Issue at least one press release each month that incorporates a financial educational component.

Goal #4: Maintain a strong state regulatory system for securities and investment professionals.

Objective: Avoid federal preemption of state laws that results in a reduction of state authority and consumer protections.

Objective: Reduce regulatory burden to the extent possible without compromising safety and soundness or consumer protections.

Performance Measures:

- Actively oppose further federal preemption efforts.
Benchmark: Write letters, provide testimony and educate decision-makers about the negative consequences of preemption as opportunities present themselves.
- Review statutes and rules to ensure requirements continue to be necessary.
Benchmark: Review statutes and rules annually for ways to reduce regulatory burden.

Consumer Finance Bureau

Goal #1: Promote public and industry confidence in Idaho consumer financial services through the licensing and examination process.

Objective: Ensure Idaho has a healthy, competitive financial services industry.

Objective: Ensure all participants in the financial services industry are properly licensed and comply with applicable Idaho laws.

Objective: Coordinate and cooperate with other regulators to increase regulatory efficiency and reduce regulatory burden on industry.

Objective: Maintain a sufficient number of experienced and professionally competent staff by providing competitive compensation and training opportunities to keep skills current.

Performance measures:

- Idahoans have access to a sufficient array of competitive financial products.
Benchmark: Idahoans are able to obtain financial services at a competitive price.
- Mortgage industry members receive adequate training about laws administered by the Department.
Benchmark: Annually provide at least one training session eligible for continuing education credit for mortgage industry members.
- Licensees under the Idaho Credit Code, Idaho Residential Mortgage Practices Act, Idaho Collection Agency Act, and the Idaho Escrow Act are examined by the Department to determine compliance with governing laws and rules.
Benchmark: Subject to higher-priority “for cause” examinations, conduct 200 routine licensee examinations each year, prioritized based on risk factors and the public interest.
- Participate in and use joint database for mortgage licensee regulation as soon as available (not anticipated until January 2008).
Benchmark: Department regularly contributes information to and extracts information from joint database.

Goal #2: Protect consumers from financial fraud through timely enforcement of Idaho’s mortgage, collection agency, escrow, and consumer credit laws.

Objective: Bring appropriate legal action against those violating mortgage and consumer credit laws.

Objective: Ensure consumers obtain appropriate redress for violations, to the extent possible.

Objective: Ensure applicants for licensing under consumer finance laws fully meet qualification standards of Idaho law.

Objective: Conduct on-site examinations of licensees to ensure compliance with legal requirements.

Performance Measures:

- Conduct timely investigations into consumer complaints and other suspected violations.
Benchmark: Cases/complaints more than 6 months old are: being actively investigated, closed or have been referred for legal action.
- Perform a comprehensive and timely review of materials submitted with licensing applications.
Benchmark: Licensing materials are reviewed and any comments letters issued within statutory timeframes.
- Conduct “for cause” examinations of licensees when red flags are noted.
Benchmark: On-going frauds or prohibited practices are halted quickly.

Goal #3: Increase the financial literacy of all Idahoans.

Objective: Give Idahoans the financial knowledge base needed to wisely use credit, save, invest and avoid fraud.

Performance Measures:

- Educate Idaho teachers at all levels on personal finance basics so those principles can be incorporated into everyday lessons.
Benchmark: Sponsor or participate in yearly teacher financial literacy education programs.
- Provide speakers and consumer information to schools, senior centers, civic groups and any other interested group to raise awareness of personal finance issues.
Benchmark: Increase each year the number of Idahoans to whom presentations are made.
- Issue press releases and investor alerts highlighting current frauds and ways to avoid fraud.
Benchmark: Issue at least one press release each month that incorporates a financial educational component.

Goal #4: Maintain a strong state regulatory system for mortgage brokering/lending services.

Objective: Avoid federal preemption of state laws that results in a reduction of state authority and consumer protections.

Objective: Reduce regulatory burden to the extent possible without compromising safety and soundness or consumer protections.

Performance Measures:

- Actively oppose further federal preemption efforts.
Benchmark: Write letters, provide testimony and educate decision-makers about the negative consequences of preemption as opportunities present themselves.
- Review statutes and rules to ensure requirements continue to be necessary.
Benchmark: Review statutes and rules annually for ways to reduce regulatory burden.

DESCRIPTION OF PERFORMANCE BENCHMARKS

Four general categories of benchmarks are used by the Department in its Strategic Plan. The most frequently used benchmarks are those that dictate that a certain percentage of the time a particular result will occur. Example: “100% of state-chartered credit unions [were] examined within statutory timeframes.” Benchmarks of this type were selected because:

- a. a statute mandates a particular result, or
- b. the benchmark represents the Department's expected, planned or intended result. This result is based on the Department's own experience, the experience of other regulators and an analysis of the specific resources available to the Department.

Other benchmarks set minimum targets that must be achieved. Example: "[A]t least one examiner has sufficient expertise in each significant product, service and technology used or offered by a financial institution to evaluate its risks and benefits." This type of benchmark assures that the Department is able to adequately regulate all products and services under its jurisdiction.

Benchmarks that require some action within a specific timeframe not mandated by statute have been determined based on the Department's own experience, the experience of other regulators and an analysis of the specific resources available to the Department. Similarly, some benchmarks will measure performance by comparing the number of times an action was taken versus the number of opportunities the Department had to take that action. Example: "Write letters, provide testimony and educate decision-makers about the negative consequences of preemption as opportunities present themselves."

The final type of benchmark is one that requires the Department to review the financial services marketplace or other non-numeric set of items or events to determine if the benchmark has been met. Example: "Idahoans are able to obtain financial services at a competitive price."

Appendix

2006 STRATEGIC PLANNING SURVEY RESULTS

1. **Increase the financial literacy of all Idahoans.** This includes educating Idahoans on the wise use of credit, explaining the differences between financial services providers and their products to enhance competition, identifying sound investment opportunities, and recognizing and avoiding financial fraud.

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HOW ARE WE DOING

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Needs Improvement

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- For those of us to attend your training sessions. Need to have realtors attend your training sessions also.
- This is an important objective, but it is difficult for a regulatory agency to carry out an education effort that will reach all of the folks who need it at a time when they are prepared to hear this type of message. The Department's TV spots, seminars, written information and day-to-day contact with consumers are effective, but they are inherently limited. Overall the Department does more than would be expected and does it better than expected.
- I do not see this as a mission of the Department.
- The increase in short term credit providers (title loan, payday loan, pawn) makes me uneasy – especially with the lack of regulation on rate & the amount they advertise.
- This is important, but I'm not sure Government should grow to accomplish it. Are you partnering with universities/colleges, business classes? Going into high schools? Just a thought.
- Don't know current programs.
- Regarding the second question: In being here the short amount of time that I have I have noticed eagerness to educate people at any level possible, but could get more public with financial education.
- Need a lead person who has time to be more involved in researching materials, methods, & opportunities, and coordinating & implementing ideas & opportunities (Maybe a full time position?)
- Educating through lawsuits and enforcement action does not educate mainstream Idahoans.
- Not aware of Department's effort.
- Through its support of financial literacy education, DOF does a good job of encouraging all Idahoans to receive this training.

2.

Increase our coordination and cooperation with other regulators. This includes increasing our overall efficiency by coordinating the allocation of resources, sharing information and dividing jurisdictions among regulators. It also is intended to reduce regulatory burden on our regulated entities.

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- The level of cooperation between the two regulators of the financial services industry – the Department of Finance and the Department of Insurance – is better in Idaho than any other state according to companies who do business on an interstate basis. There is essentially no overlapping and inconsistent regulatory effort between the Departments.
- Years of talk about reducing regulatory burden, but the burden continues to mount.
- Cannot assess effectiveness.
- Team work – always essential.
- Who is your regulator?

3.

Retain national accreditation of both the banking and credit union sections of the Financial Institutions Bureau. Both the banking and credit union sections were reaccredited in 2005.

IMPORTANCE OF GOAL

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Needs Improvement

- Need to level the playing field for banks vs. credit unions.
- National accreditation is an extremely important part of the DOF's pursuit of a level of professionalism that is of the highest order.

4.

Seek certification for all Securities Analysts/Investigators who have been with the Department for at least three years and who demonstrate a commitment to state service. Certifications may include the NASD/Wharton School Securities Certification and the Certified Fraud Examiner designation and other comparable designations indicating completion of advanced coursework in the individual employee's area of expertise. Currently five of six eligible employees hold such a designation.

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Needs Improvement

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- I think documenting & monitoring the skills of these experts is important.
- The NASD/Wharton training/certification is outstanding. It can be a real benefit to DOF through increased knowledge. It's also a great perk.

5.

Maintain sufficient staffing levels to provide adequate oversight of the increasing number of regulated entities. The Department currently has 51 employees. As of April 1, 2006, the Department had 126,000 individuals and entities under its supervision. Based on the large number of regulated entities, the Department must allocate its limited resources very responsibly, taking into account changes in the marketplace including evolving consumer protection demands. How should the Department allocate its limited resources?

- Maintain budget – We need to increase budget in 2007.
- Departmental resources should be efficiently allocated with the right number of employees. Recognizing that resources are limited, the Department should still expand as necessary to accommodate the state's growth and ensure fair and competitive compensation for employees.
- Based on the good service levels received by our Bank, I would conclude Dept. does a good job in managing its personnel resources.
- Monitoring of fair lending practices. To include the licensing of mortgage lenders.
- I think you are doing a good job. We never leave a message or send an email that we don't have a response in a very short time. Thank you.
- Work toward increasing staffing. Getting those entities to support the effort of retaining the current staff. Training!
- The Department has traditionally chosen a business model that favors a few well qualified professional staff and the extensive use of technology over large numbers of employees. That system will not be sustainable without significant changes in the Department's levels of compensation. If the compensation system cannot be adequately adjusted, then the alternative will probably be to add significantly more staff.
- Segregate entities according to risk; prioritize according to the level of risk.
- Safety and soundness issues should always be at the forefront. Fraud and consumer safety should always be under considerable scrutiny.

- Allocate employees based on areas needing the most attention. Those institutions & organizations that have shown prudent operational skills need less oversight.
- Areas of biggest risk, first and foremost.
- Have well trained employees on your staff.
- Maintain trained experienced examiners.
- I do not know enough to suggest changes – other than previous concern on short-term lending.
- Consumer protection is paramount.
- Risk
- Since all the work is internet/computer based, we need more IT staff to take care of the growing needs of the Department.
- Education, enforcement & oversight.
- On behalf of the CBOE, we want to thank you for the opportunity to participate in your survey. Rather than specifically answer questions on the survey, which will have more meaningful responses from others with more Idaho connections or contacts, CBOE wishes to commend you on your efforts. In general, CBOE supports all efforts to further educate the public on issues of finance, high qualifications by education and experience of professional and regulatory personnel, improved communication between regulators, and targeting of initiatives relevant to public needs as part of a strategic plan.
- Ask the state legislature for tax dollars. You are trying to protect the public; the public should assist you in that effort, if they really want protection.
- We need more professional staff in Securities. I'm happy to share more detailed thoughts if you'd like to hear them.
- Decrease the entities subject to your regulation.
- Limited resources means you have limited success. This goal is driven by economics, so not applicable.
- To maintain and possibly enhance staffing as the need dictates.
- Need more IT resources. Not enough staff (even when all jobs filled) to get much done. Only emergencies seem to get attention.
- This is a difficult challenge. A risk assessment process, much as banks employ, seems to be the answer.
- How can we, as bankers, help the Department of Finance? I believe the banks have good oversight and pay fair fees; however, the individuals and other entities should be evaluated to determine if more fees should be assess to properly regulate their activities.
- The DOF does a great job of allocating resources as dictated by market needs.

6.

Effectively communicate with all stakeholders (the regulated industries, the Legislature and the public).

This includes educational efforts directed to our regulated entities concerning safe and prudent financial practices, education through press releases and presentations directed to all stakeholders about on-going financial services trends and issues, and regular updates to the Department's website to ensure information and forms are accurate and current.

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Needs Improvement

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- IDOF could consider program(s) similar to CSBS that cover(s) key items related to Idaho Code, sound banking practices in Idaho, or valid outreach topics.
- The website is marvelous and very informative.
- The Department has made an extensive and effective effort to meet regularly in person with the entities it regulates. The results of that effort have been a more streamlined and effective process of regulation. The level of compliance is high in major part because of the efforts the Department has made to make sure that the regulators and the regulated are "on the same page."
- The Department website is a very high volume information source – if it is continuously updated it should reduce the call volume in the office. People should also be informed when asking a question relevant to, about the website and further more educated on how to use it.

7.

Maintain a strong state regulatory system for depository and non-depository financial institutions, mortgage brokering and banking services, and securities and investment providers.

This includes promoting the dual banking system and maintaining the competitiveness of the state charter, and working to avoid preemption that results in a reduction of state authority and consumer protections. It also includes assuring that all laws and rules administered by the Department are current and continue to be appropriate.

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Needs Improvement

- The dual banking system is very important to a healthy financial system. The Department should work to ensure its future as a strong advocate of the dual banking system.
- We need to revise the Bank Act.
- The state system for the regulation of financial institutions is critical to protect the citizens of the state and provide an alternative to the federal system of regulation for Idaho's business community. Traditionally the state system has been particularly critical for small and mid-sized firms – the majority of Idaho businesses. In the last decade the federal government has made a significant effort to limit or eliminate state regulation. The preservation of the state system is crucial for Idaho businesses and the customers that they serve
- Protect credit unions against unwarranted attacks by banks. Allow us to operate under our rules rather than theirs.
- State authority is paramount.
- Idaho needs an ILC charter.
- From my limited view, the Department of Finance has limited resources available to regulate an ever-growing financial services industry. My concern is the regulation of fringe groups (i.e. mortgage brokers and agents) who do not comply with the same oversight and regulations as the banks.
- The DOF has made great strides recently to achieve salary parity with its federal counterparts. More needs to be done to ensure Idaho has the highest quality examination staff.

8. **Maintain a strong state regulatory system for oversight of financial services providers, balanced with reasonable regulation and regulatory burden reduction, when possible.** This includes ensuring that Idaho's financial services providers are operated in a safe and sound manner, and comply with all consumer protection and other requirements of our laws. At the same time, endeavoring to achieve a reasonable approach to regulation and reducing its burden when possible, and when doing so does not compromise consumers. It also includes assuring that all laws and rules administered by the Department are current and continue to be appropriate.

IMPORTANCE OF GOAL

Very Important

✓✓✓✓✓✓✓✓✓✓✓✓✓✓
✓✓✓✓✓✓✓✓✓✓✓✓✓✓
✓✓✓✓✓✓✓✓✓✓✓✓✓✓

Somewhat Important

✓

Not Very Important

HOW ARE WE DOING?

Very Well

✓✓✓✓✓✓✓✓✓✓✓✓✓✓
✓✓✓✓✓✓✓✓✓✓

Adequately

✓✓✓✓✓✓✓✓✓✓✓✓✓✓

Needs Improvement

✓✓

- The significant difference between state and federal regulation in Idaho is the difference in regulatory style and philosophy between state and federal regulators. Historically, the Department of Finance has demanded compliance with regulatory statutes while being willing and able to help regulated business meet their duty of compliance. Federal agencies have tended to be equally demanding but a lot less help. As a consequence, the state has had significant success without unnecessary litigation. The desirable business climate that has resulted from the state approach to regulatory compliance is very important for the continued economic growth of the state.
- Many upper middle & upper income families have knowledge & experience dealing in the financial realm. I am concerned about young people and those likely to do serious harm to their futures by using credit providers inappropriately.
- I appreciate the good work this Department and all staff provide. Keep up the good work.
- It appears that some of the time frames addressed in the strategic plan conflict with the time frames of the statute. This may cause confusion with industry members. I recommend reviewing & amending the strategic plan, if necessary. To provide prompt and efficient responses to industry and Idaho consumers:
Actions/Strategies – Provide reports of examination to all financial institutions within 30 days of completion of examination – Review and respond to all registration and exemption filings, no-action and opinion requests within 10 days, or earlier as required by law – Review securities salesman applications within 10 days unless the Director determines there is good reason to extend this time period – Develop a database within the next five years to cross reference investigations, complaints, and administrative actions within the Department – Respond to consumer/investor inquiries and complaints in an objective, unbiased manner, providing only publicly available information.
- The Department should strive to keep the playing field even among industry participants. We need to keep stressing “even-handed” regulation. Also, keeping our regulation consistent (as much as possible) with other states is very important in our fight against preemption. I believe both of these goals are important in keeping a respectable reputation with Idaho industry participants.
- We would like to see more of the reduction of the regulatory burden. As an institution under \$20 million in total assets, we have to comply with all the same regulations as BIG \$, and we too have limited resources. Why doesn’t the Department and the legislature recognize that?
- The DOF can only continue to achieve this goal by hiring and retaining the best quality staff. Further increases in staff salaries and benefits to make employment by DOF comparable to employment by the various federal counterparts is crucial and should be made to happen as soon as possible.

9. **Retain and recruit a knowledgeable, well-trained, professional staff.** This includes providing on-going training opportunities for staff members, developing cross training and partnering programs between bureau staff to most fully utilize available resources, and assuring all state and departmental guidelines are understood and followed by staff members.

IMPORTANCE OF GOAL		HOW ARE WE DOING?	
Very Important	✓✓✓✓✓✓✓✓✓✓✓✓✓✓✓✓	Very Well	✓✓✓✓✓✓✓✓✓✓✓✓✓✓✓✓
Somewhat Important	✓✓	Adequately	✓✓✓✓✓✓✓✓✓✓✓✓✓✓✓✓
Not Very Important		Needs Improvement	✓✓✓

- The federal regulatory agencies are the Department's competitor for professional staff. In the current circumstances, the levels of compensation available to professional staff are not adequate to compete with the federal agencies that regularly hire away experienced Idaho regulators. The Department is not able to retain the high quality professional staff that it needs to operate a regulatory system that involves working with regulated businesses to help them to comply with statutory requirements. The Department should work to assure that the "market" comparison for salary range purposes is the true market – the federal agencies that compete with the Department for staff. If compensation at or very near the level of compensation for comparable positions in the federal regulatory agencies is not available, the state system will lose its ability to compete with federal regulation. That loss will hurt Idaho's business community and their Idaho customers.
- Better pay to retain the highly skilled irreplaceable department staff.
- I have always been very impressed by the professionalism of staff.
- The Department has lost some great examiners. It is important to maintain a seasoned staff. To do so, you must compete, not only with other states, but with the federal agencies with compensation and benefits.
- Based on comments I've heard from our state-chartered members, they have a very real concern about the quality and experience level of bank examiners and other key staff. They are very aware that federal regulators, and regulators from other states, are in a strong position to recruit examiners from Idaho as the current pay levels are far below what others are paying. The stability and experience of bank examiners is a tremendous concern as bank regulation continues to become more complex and dependent on interpretation – quality, well-trained and experienced examiners is important.

10.

What other areas or priorities should the Department take into account in preparing its Strategic Plan?

Are we missing something important? Please let us know if there are areas we haven't focused on that you think deserve attention.

- Car lots have had no increase in bond requirements since 1978. They are OVERDUE! In 1978, \$20,000 bought 3 cars, in 2006—not even one!

IDOF Employee

✓✓✓✓✓✓✓

Consumer

✓✓✓✓

Legislator

✓✓✓✓✓✓✓✓✓

Attorney

✓

Financial Service
Industry Member

✓✓✓✓✓✓✓✓✓✓✓✓✓✓
✓✓✓✓✓✓✓✓✓✓✓✓✓✓

Senior (65+)

✓✓

Youth (under 19)

Other

- Regulator

✓